



**CITIZEN'S REVENUE REVIEW AND
ECONOMIC COMPETITIVENESS COMMISSION**

**MEETING MINUTES FOR
THURSDAY, MARCH 11, 2010, AT 3:30 P.M.
COUNCIL CHAMBERS (12TH FLOOR),
202 C STREET, SAN DIEGO, CALIFORNIA**

The meeting was called to order at 3:34 PM by Chair Bob Nelson.

Commissioners Present: Moser, Nelson, Morton, Barros, Bonnano, Standifird, Singh

Commissioners Absent: Gin

Staff Present: Andrea Tevlin (IBA), Paul Prather, (City Attorney's Office), Breanna Zwart (Staff Consultant), Eduardo Luna (Auditor)

NON-AGENDA PUBLIC COMMENT: None.

COMMISSION COMMENT(s): None.

**COUNCILMEMBER, CITY ATTORNEY, IBA, CITY AUDITOR AND MAYORAL STAFF
COMMENT:** None.

ADOPTION AGENDA Action not required.

INFORMATION/DISCUSSION ITEMS:

- ITEM-1:** Presentation from the Office of the Mayor on Economic Development programs
- Presentation by Eric Caldwell, from the Office of Chief Operating Officer (Julie Dubik), and Russ Gibbon, of the Office of Economic Growth Services
 - Priority Goals: 1) retaining, attracting, growing business; 2) developing cleantech; 3) getting fair share from Washington/Sacramento; 4) streamlining regulations which inhibit growth
 - Barriers to economic expansion include: Prop 218, regulatory climate, supply/cost of water and energy, California's workers compensation, perceptions of California's business climate.
 - Four primary sectors in San Diego: military, tourism, international trade/logistic, manufacturing/research

Commissioners inquired about sources of City's revenues from business – business revenue to City comes primarily from reatail sales tax. For hotels, significant amount comes from property tax.

Commissioner Morton asked for clarification regarding enterprise zones – zones are where there have been issues, greater difficulties with implementing economic growth.

Chairman Nelson asked about, in light of budget cuts to City services, whether quality of life (parks/libraries) are part of the strategy for attracting business development. Answer: not really, not the primary driving factors.

Commissioner Singh asked, next time I hear somebody say San Diego is not friendly to business, what should I tell them – what is your data to support? Answer: We don't necessarily have data, but we have more programs available to businesses than any City in California. Within California, we feel we are leading the way.

ITEM-2 Report on the City Wide Revenue Audit from the Independent City Auditor

- Presented by Eduardo Luna
- Objectives: identify all sources of revenue that are distributed by a 3rd party, determine which entity is responsible for auditing, recommending a strategy for when there is no existing auditing authority, evaluate performance of revenue audit division of the Treasurer's office.
- Recommend joining the Teeter Plan; for TOT, audit more than every 3 years.

Commissioner Moser asked whether the City has considered Teeter plan before – if so, why haven't they adopted it? Answer: Many in the City believe the City can collect more in 5-6 years if they are able to collect all property taxes, plus fees – there is no data to actually support this.

Discussion occurred between commissioners regarding philosophy of getting all the property tax on time, as expected, versus potentially making more money on penalties, but having uncertainties about when the City would actually collect.

STANDING ITEMS/UPDATES:

ITEM-1 Economic Competitiveness

Commissioner Moser is reaching out to Joe Panetta, Duane Roth, Kevin Carroll.

ITEM-2 Revenue Review

Presentation coming from the IBA on March 25th about wide range of new revenue opportunities, restrictions regarding options, and existing revenue sources. Ms. Tevlin emphasized that these are not recommendations.

ITEM-3 Public Input

ITEM-4 Peer Review

Chairman Nelson asked that Commissioner Moser and Standifird evaluate if there is a practical way to get peer review input on the Audit report.

ACTION ITEMS:

ITEM-1 Commission discussion on Guiding Principles on the Structural Deficit Elimination Plan

- Andrea Tevlin, of the IBA: Goal – to develop a plan designed to eliminate structural deficit in approximately 18 months
- In order to develop a plan, developed “Guiding Principles,” adopted by City Council, so that a plan could be implemented: 1) address in a balanced way – reductions as well as revenue increases; 2) until reserves are at 8%, should not consider using reserve balances to address shortfalls; 3) pursue alternative service delivery methods including managed competition; 4) prepare a 5 year outlook each year; 5) one-time resources should be matched to one-time programs; 6) 100-percent cost recovery for programs and services; 7) reduce pension/retiree liabilities; 8) when constructing new facilities/programs, must identify on-going costs, operating costs; 9) provide services based on charter requirements; 10) maintain full-funding for pension in compliance with charter; 11) develop a plan for deferred maintenance

Commissioners discussed whether paying off past pension obligations in whole, at one time, are a one-time expense.

Commissioners discussed if trash collection is relevant to number 9.

Commissioners unanimously voted to adopt guiding principles as part of the Commission’s findings.

ACTION: No action taken.

VOTE: No vote taken.

The meeting was adjourned by Chair Bob Nelson at 6:09PM.

Bob Nelson
Chair